

85th Legislative Session – 2010

Committee: Joint Appropriations

Thursday, February 04, 2010

P - Present
E - Excused
A - Absent

Roll Call

P Ahlers
E Burg
E Bartling
E Dennert
P Hundstad
P Wismer
P Novstrup (Al)
P Brown
P Carson
P Deadrick
P Peters
P Wink
P Haverly
P Putnam
P Hunhoff (Jean), Chair
P Tidemann, Vice-Chair

OTHERS PRESENT: See Original Minutes

The meeting was called to order by Senator Jean Hunhoff.

Bureau of Information and Telecommunications

The budget hearing is continued from February 1, 2010.

Mr. Otto Doll, Commissioner for the Bureau of Information and Telecommunications (BIT), said that **Ms. Julie Anderson**, Executive Director of Public Broadcasting; and **Ms. Deb Larson**, Finance Officer; are available via teleconference.

Representative Peters asked for an update in the Research, Education, and Economic Development (REED) network. Commissioner Doll stated the REED was fully operational in January 2009. The network is available to the Board of Regents (BOR) and universities. Currently, the usage is minimal.

In response to Representative Peter's question about the billing process for the REED network, **Mr. Jim Edmund**, Project Manager for REED, stated that two costs are billed to the BOR – (1) REED services and (2) the wide areas network and internet access. About \$2.1 million is billed to BOR and REED comprises about \$1.7 million of the billing. The BOR is billed all the costs incurred that are associated with the REED network.

Representative Peters requested that BIT provide a breakdown of the \$1.7 million for the REED network based on contracted labor and BIT provided labor.

Senator Hunhoff requested a breakdown of allocated dollars for the REED network and the utilization of the REED network.

In response to Representative Putnam's questions, Commissioner Doll stated that for large IT investments, BIT uses a project portfolio management system. Every agency identifies the IT needs and prioritizes them. The bureau looks at the technical risk and supplies technology support. An agency leadership team reviews and either approves or disapproves the project portfolio. If approved, the agency's IT investments can move forward. The project portfolio management system is used on all projects. The portfolio management system classes projects as large (\$20,000 plus or more than 100 man hours) or small (projects under \$20,000 and 100 man hours). Projects below 4 man hours are not tracked.

Representative Wink requested information about the REED usage by university or site and the percentage of capacity at each university or site.

Representative Peters asked about the projects to individual agencies. Commissioner Doll responded that each agency has a contact person who is responsible to manage the IT system internally. The bureau works with each agency to determine the requirements and cost estimate to develop a system if needed. Throughout the process, BIT bills for services on a monthly basis and agencies receive many detailed pages for each voucher. All costs incurred by BIT for the project must be recovered. The total cost of the project is billed to the agency even if the total cost is over the estimate. All BIT staff time, resources, and products must be billed to each agency that utilizes the services. Commissioner Doll stated the he is unaware of a project that BIT has failed to implement and does not work for the agency.

Senator Haverly asked about the discrepancy in the Secretary of State (SOS) bill from BIT. Commissioner Doll stated that SOS was charged more because of additional use on the network. The SOS had to comply with MORA standards and therefore was collecting and storing more information related to commercial registered agents. The current system used by the SOS was

modified by BIT to accommodate the increased MORA requirements. This information was never previously required and therefore increased the data on the network.

At the same time the SOS was inputting the MORA required information, the SOS made corrections to the previously entered data. This additional work runs on the mainframe and requires an additional charge for use. The SOS use of the mainframe went from 4,000 per month to 22,000 per month. The increased work on the mainframe increased the price billed to the SOS.

Representative Putnam asked about the agencies that will be affected by the Unified Judicial System (UJS) change in data systems. Commissioner Doll responded that BIT has been involved with the UJS project. Agencies that will be affected by the change have been notified. However, BIT is unable to report the increase to other agencies that will be affected until the UJS project is approved and placed in the portfolio project management system. During that time, the BIT will be able to determine the total cost for all agencies involved.

Senator Brown asked about the FTE requirements for each division. Commissioner Doll stated that BIT uses 296 IT people to perform all the IT services in the state. The FTEs may look “top-heavy” but that is due to the highly technical IT needs and experience required to maintain the mainframe. The BIT has highly technical people to accomplish the tasks and not many lower level positions due to the complexity of the projects. Commissioner Doll noted that there also are more senior level people because of the years of service with BIT.

Senator Brown stated his concern that BIT is promoting staff based on years of services and not proper need in the area. Other state agencies pay for salary increases with BIT.

Representative Peters and Senator Brown asked about desk audits. Commissioner Doll said that desk audits are used to move a person out of one position classification to another classification not on the same level. There have been instances when a person moves up due to a desk audit, but a person usually does not move up unless there is a position opening. The BIT looks at the system and determines the number of people and expertise needed for each area.

Representative Putnam asked for an update on the Digital Television project (DTV). Ms. Anderson stated that the first round of transition was completed in February 2009. Then BIT completed the final part of the field engineering to get DTV to the general public in June 2009.

Senator Hunhoff asked about additional costs. Ms. Anderson stated that the Vermillion control center has several hundreds of dollars worth of equipment to purchase and install. This will be purchased over the next couple years.

Representative Deadrick asked about the development of three different SDPB stations. Ms. Anderson stated that the issue was not about the lack of towers, but actually the ability to not convert the towers to DTV. The total cost of the conversion was approved by the Legislature in the early 2000’s and SDPB relied on the grant and appropriated budget. If the \$100,000 was

removed from the budget, Ms. Anderson is not certain if SDPB can afford to upgrade the entire system to DTV.

As for the funding for the two new stations, Ms. Anderson stated that Digital TV allows a broadcaster to split the digital signal. This was not possible with analog television. No additional field equipment was needed for the additional two channels. The SDPB purchased an encoder at the Vermillion control center that allowed for the signal to be split into three different channels.

Representative Wismer asked about any additional costs to have programming on the two additional channels. Ms. Anderson responded that the programming on Channel 2 (Create Channel) costs SDPB about \$15,000 annually to provide the programming and Channel 3 (The World) has a couple thousand dollars for programming.

In response to Senator Hunhoff's questions, Ms. Anderson stated that SDPB had the additional two channels on last year's budget and was discussed in prior summer studies.

Representative Tidemann asked about advertising on SDPB. Ms. Anderson said that because of the economy, SDPB has seen a slight downturn in advertisements on the regular channel. The only place they are able to maintain a consistent level of underwriting is for high school sporting activities. The sales packaging for availability in sporting events were developed three years ago and most large sponsors have been in a contract for three years. The number of underwriters has been relatively unchanged for the last three years.

Senator Novstrup asked about the bid process to broadcast high school sporting events. Ms. Anderson stated that a bid of \$80,000 was placed 4-5 years ago to broadcast the high school sporting events. In the end, there were no other bids. Other entities do not have the resources to cover high school and legislative events, so the SDPB is encouraged to cover those events.

MOTION: ADJOURN

Moved by: Peters
Second by: Wink
Action: Prevailed by voice vote.

Lisa Shafer
Committee Secretary

Jean M. Hunhoff, Chair